

ammonium sulphate for straight use. Deliveries are mainly by rail, although customers can collect material in their own lorries from the producing works and from stores. In each case where the customer collects, an allowance is given. Coastwise shipments are occasionally made.

#### (4) Sodium Nitrate

272. The following table shows the sales in the United Kingdom of Chilean sodium nitrate for fertiliser purposes by the Nitrate Corporation of Chile Ltd. in the years 1956-57 and 1957-58 :

					<i>Tons</i>	<i>Net Sales Value</i>
1956-57	...	...	...	...	9,000	£233,515
1957-58	...	...	...	...	8,308	£220,467

Almost all the Corporation's fertiliser sales are to agricultural merchants. A very small part of its business is with nurseries and the horticultural trade. Fisons uses a little sodium nitrate in compounding.

### CHAPTER 8. THE SUPPLY OF POTASH FERTILISERS (Class (b))

273. Sales of imported potash\* in recent years have been as follows :

<i>Year</i>		<i>West Europe</i>	<i>Other Sources</i>	<i>Total</i>
1956-57	... ..	473,232	93,471	566,703
1957-58	... ..	458,558	133,566	592,124

#### (1) Potash Limited

274. Potash Ltd. is the sole supplier in the United Kingdom market of potash from France, Western Germany and Spain. In recent years the company has generally supplied about 80 per cent. of all the potash supplied in the United Kingdom as fertiliser or for use in the production of fertilisers.

275. During the last few years Potash Ltd.'s requirements of potash for sale in the United Kingdom have been met approximately in the proportion of 50 per cent. from France, 40 per cent. from Western Germany and 10 per cent. from Spain, though there are variations from year to year. Shipment is made from Antwerp, Rouen, Hamburg, Bremen and Barcelona to about 60 ports in the United Kingdom ; Potash Ltd. has no depots. Chartered boats are used, carrying from 250 to 5,000 tons or, in certain cases, consignments are sent by regular liners. Consignments taken by customers vary from complete cargoes to 6-ton lots and shipment is made to the customer's nearest port. About four-fifths of the muriate of potash imported by Potash Ltd. arrives in bulk. The rest of the muriate and all the sulphate of potash is shipped in jute or paper bags.

#### *Distribution*

276. Potash Ltd. sells to about 130 customers in the United Kingdom consisting of manufacturers of compounds, agricultural merchants and farmers' co-operatives. No sales are made direct to farmers. Fisons is the company's largest customer ; in 1957-58 its annual purchases represented about 40 per cent. of Potash Ltd.'s total sales for fertiliser purposes, which in that year amounted to 458,558 tons of material. Sales to I.C.I. (with S.A.I.) accounted for about 18 per cent. of the total.

---

\* Excluding sales from Board of Trade stocks.

## Prices

277. Contracts are entered into yearly between Potash Ltd. and the producers for supplies of potash fertilisers on f.a.s. or f.o.b. terms, according to the custom of the port. Apart from the purchase price, the company has to meet all costs incurred after delivery alongside (f.a.s.) or on the ship (f.o.b.) and until the time the material is delivered to its customers at United Kingdom ports, and also some charges incurred by agents on the continent in respect of the shipments, e.g. for preparation of shipping documents.

278. Prices are the same to buyers in this country whether the origin of the potash is French, West German or Spanish. At the time when the Board of Trade controlled the United Kingdom price of potash one common price was quoted at all ports of entry. When control ended the company undertook to give the Board of Trade as much advance notice as possible before changing this practice and it has not in fact made any change. For the most important types of potash there are different basic prices depending on whether supply is in bulk or in bags. In 1958-59 the price per ton in bulk (i.e. the gross price of greatest interest to compounders) was 25s. below the price in 1-cwt. paper bags (i.e. the gross price at which the merchant buys for subsequent re-sale to the farmer).<sup>\*</sup> The gross price of muriate of potash 60 per cent.  $K_2O$  in bags to Potash Ltd.'s immediate customers at the height of the 1958-59 season was £18 6s. 0d.

279. In the 1953-54 season, a system of differential prices according to the time of shipment was introduced for all classes of potash except potash manure (40 per cent.  $K_2O$ ) and kainite. The season was divided for this purpose into three periods. The prices were lowest for shipments from 1st May to 30th September and intermediate for shipments from 1st October to 31st December, while the highest, or basic, prices applied to shipments from 1st January to 30th April. The prices paid by Potash Ltd. to its suppliers also varied according to the time of shipment in line with the differential prices charged to customers.

280. Until the end of the 1957-58 season the three shipping periods remained unchanged and the maximum differential for muriate of potash 60 per cent.  $K_2O$  was 18s. per ton and for the intermediate period 9s. per ton. The corresponding rates for sulphate of potash 48 per cent.  $K_2O$  were 20s. and 10s. per ton. At the beginning of the 1958-59 season the scheme was revised and the fertiliser year divided into four shipping periods of three months each. The basic period became 1st February to 30th April, and the reductions in price for shipments of muriate of potash 60 per cent.  $K_2O$  and sulphate of potash 50 per cent.  $K_2O$ † outside that period were as follows:

May—July	...	...	...	...	24s. per ton of material
August—October	...	...	...	...	16s. per ton of material
November—January	...	...	...	...	8s. per ton of material

There are corresponding seasonal reductions for other grades of potash, except potash manure and kainite.

<sup>\*</sup> For some specifications there is an alternative price for supply in 2-cwt. jute bags.

† In this season the  $K_2O$  content of the sulphate of potash supplied was increased from 48 per cent. to 50 per cent. and the basic price was reduced by £1 per ton.

281. After control had ceased, and until the beginning of the 1956-57 season, Potash Ltd. continued the practice which had been followed by the Government of indicating retail prices which might be charged to farmers, although no obligation was placed on buyers by Potash Ltd. to sell at these prices. For the 1956-57 season farmers' prices were not suggested, but at the request of certain of its customers the company re-introduced the practice in 1957-58. It was, however, again discontinued in 1958-59. In 1957-58 the suggested price of muriate of potash 60 per cent.  $K_2O$ , in bags, (called "pink flotation" potash) was £2 3s. 0d. more than the gross selling price of Potash Ltd. to its immediate customers. According to prices quoted since then in the Fertiliser and Feeding Stuffs Journal the farmers' price ex merchant's store has shown the same differential throughout the season 1958-59. A merchant who earned no quantity rebate from Potash Ltd. (see paragraphs 282 to 285) and sold only to farmers would have to meet part of the unloading costs at the port and transport to his store as well as his storage and selling expenses out of this margin. In practice, some of Potash Ltd.'s customers obtain a substantial rebate which increases the margin; but, on the other hand, since Potash Ltd. sells to comparatively few merchants, the margin may have to cover the costs and profits of more than one distributor.

#### *Quantity rebates*

282. Quantity rebates were introduced by Potash Ltd. in the 1952-53 fertiliser year. Originally there were individually negotiated rebates for the very largest customers, and from 1953-54 a rebate of 9s. per ton  $K_2O$  for others buying more than a certain minimum annual quantity. Since that time the rebates have been systematised in a comprehensive scale; this has developed year by year, the general tendency being to raise the level of the rebates besides increasing the number of steps in the scale. The scale for the year 1958-59 is as follows:

Group	Tons $K_2O$ *	Per Ton $K_2O$ *	
		s.	d.
I	200/599	25	0
II	600/1,199	30	0
III	1,200/1,799	35	0
IV	1,800/2,399	39	0
V	2,400/2,999	47	6
VI	3,000/14,999	51	0
VII	15,000/74,999	55	0
VIII	75,000/99,999	60	0
IX	100,000/109,999	65	0
X	110,000/124,999	67	0
XI	125,000 upwards	70	0

The development of the scale is shown in Appendix 5. The changes in the scale have not been made on a uniform basis from year to year; while, as has been said, the general tendency was upwards, the changes

\* It should be noted that the rebates, which apply to potash fertilisers of varying  $K_2O$  content, are expressed in terms of tons of nutrient. In Group VIII, for instance, the rebate of 60s. per ton  $K_2O$  is the equivalent of 36s. per ton of muriate of potash 60 per cent.  $K_2O$ , and the qualifying figure of 75,000 tons  $K_2O$  is the equivalent of 125,000 tons of material (or more if the buyer's total purchases include potash of lower  $K_2O$  content than 60 per cent.).

up to 1957-58 gave greater relative advantage to buyers in the middle of the scale than to those at either end. The 1958-59 scale has gone some way to restore the balance.

283. In the year 1953-54 the granting of quantity rebates was made conditional upon customers purchasing their total requirements of potash exclusively from Potash Ltd. This condition was discontinued the following year and has not been re-imposed. The rebates allowed to Fisons and I.C.I. are still individually negotiated year by year although they do, in fact, conform to the scale in operation for the year. Up to the year 1955-56 the quantity rebate granted to these two companies was conditional upon their purchasing only limited quantities of potash from other sources. Subsequently the rebate to Fisons was freed from any condition but I.C.I. still undertakes to buy a given proportion (approximately) of its requirements from Potash Ltd. ; we are told that the granting of the rebate is not conditional on the restriction of purchases from elsewhere ; the undertaking is given instead of a statement of requirements in tons.

284. The full scale of rebates is not published or circulated to the trade ; each customer is told only of that portion of the scale thought likely to concern him, namely the rebate appropriate to the quantity which he purchased in the previous season, the next higher step in the scale and occasionally the next lower one.

285. In 1957-58 Potash Ltd. introduced yearly contracts for compounders buying muriate of potash 60 per cent.  $K_2O$  in bulk. These buyers were asked to advise their requirements from Potash Ltd. for the season in advance and their purchases of muriate 60 per cent.  $K_2O$  in bulk attracted rebate only if they signed a contract covering their requirements of such potash for the season. An option to purchase an additional 10 per cent. was given. The contract system has been continued for the 1958-59 season with the variation that purchases may be 10 per cent. above or below the contract figure. Potash Ltd. informs us that, in practice, wherever a compounder has required more than the contract figure plus the 10 per cent. addition, his requirements have been met. Purchases by compounders of other potash fertilisers, not included in the yearly contract, are aggregated with their purchases under the contract to calculate their rebate. Customers whose purchases are confined to muriate of potash 60 per cent.  $K_2O$  in bags or other potash fertilisers (whether in bulk or in bags) are eligible for rebate without having to enter into any advance contract covering their requirements for the season.

## **(2) Propane Fertilisers Limited**

286. Propane Fertilisers Limited is at present the agent for the supply of East German potash to the United Kingdom (see paragraph 86), having been appointed under the terms of an agreement entered into with the East German suppliers, Bergbau-Handel, in May, 1957.\* Propane Fertilisers Ltd. sells 90 per cent. of its supplies to compounders and the remainder to other importers, who buy in bulk and, in turn, pass the potash on to

---

\* Before this the agent for East German potash was the Cookson Produce & Chemical Company (Fertilisers) Ltd. For one year Potash Ltd. had bought East German potash (see paragraph 240).

smaller merchants. The company sells only in complete cargoes of about 200 tons. Up to now supplies from East Germany have accounted for nearly all the potash sold in the United Kingdom other than through Potash Ltd. (see paragraphs 273 and 274).

### Prices

287. The basic selling prices, which are quoted in bulk, c.i.f. United Kingdom port, are fixed by Bergbau-Handel. During the 1957-58 season an additional charge of £1 10s. 0d. per long ton was made for potash supplied in 2-cwt. bags. For the 1958-59 season, materials can be supplied in 1-cwt. woven or paper sacks at an extra charge of 25s. per long ton. Propane Fertilisers Ltd. operates a system of differential prices ("early delivery rebates") in respect of muriate of potash 50 per cent. and 60 per cent.  $K_2O$  and of sulphate of potash. Until the start of the 1958-59 season the system resembled Potash Ltd.'s in dividing the year into three seasons, but, again like Potash Ltd., Propane Fertilisers Ltd. now operates on a basis of four seasons. The following table shows the rebates on muriate of potash 50 per cent. and 60 per cent.  $K_2O$ , respectively, in 1958-59 according to the time of shipment:

		50 per cent.		60 per cent.
May-July	...	15s. 0d. per ton of material		18s. 0d. per ton of material
August-October	...	13s. 6d.     "     "		16s. 0d.     "     "
November-January	...	6s. 6d.     "     "		8s. 0d.     "     "

288. Invoicing is effected direct by the German organisation to the customer, and Propane Fertilisers Ltd. receives payment in the form of an agreed commission. Basic prices of muriate of potash from Eastern Germany are approximately 10s. per ton lower than those for muriate of potash from West European countries sold by Potash Ltd.\*

### Quantity Rebates

289. Quantity rebates based on the tonnage of material purchased are granted by Propane Fertilisers Ltd. Although the rebate scale is not directly comparable with that of Potash Ltd., which is based on the tonnage of  $K_2O$  content (see paragraph 282), it is clear that generally speaking the rebates of Potash Ltd. have been and are substantially higher than those of Propane Fertilisers Ltd. The following table shows the scale which Propane Fertilisers Ltd. is applying in the 1958-59 season (the rates in the two previous years were considerably lower):

Muriate of potash 50 per cent. and 60 per cent. $K_2O$						
Over	500 tons	...	...	...	...	5s. 0d. per ton
"	1,000	"	...	...	...	7s. 6d.     "     "
"	2,000	"	...	...	...	12s. 6d.     "     "
"	3,000	"	...	...	...	17s. 6d.     "     "
"	4,000	"	...	...	...	22s. 6d.     "     "
"	7,000	"	...	...	...	27s. 6d.     "     "

\* Potash Ltd. says that when the Cookson Produce & Chemical Company (Fertilisers) Ltd. was appointed agent for East German potash the company, having no previous experience of the trade, approached Potash Ltd. who explained the seasonal nature of the demand. It is said that "Cooksons accepted the view that any price fluctuations during the season were likely to have an adverse effect on sales of potash and therefore on the quantity available for farmers and in the end declared that they would quote the same price as Potash Ltd.", as well as allowing appropriate quantity rebates, "but there was no agreement to this effect".

A special additional rebate of 6s. per ton on muriate of potash 60 per cent. and 5s. per ton on muriate of potash 50 per cent.  $K_2O$  is also allowed on shipments of 1,000 tons taken during the May-July period. To large buyers a rebate of £1 2s. 6d. per ton was granted in 1957-58 on orders of 25,000 tons; in 1958-59 this figure was increased to £1 17s. 6d.

290. The company does not publish its scale of quantity rebates. Apart from Fisons and I.C.I., who are aware of the complete scale, customers know the scale only up to the point applicable to them.

### **(3) M. W. Hardy & Co. (Mercantile) Limited**

291. M. W. Hardy & Co. (Mercantile) Ltd. was appointed sole distributor for Russian potash in the United Kingdom from 1st January, 1958\*. The selling prices for this material are fixed by the United Kingdom company and are calculated by reference to general market conditions. The prices are all c.i.f. United Kingdom port. Quantity rebates are subject to negotiation with the buyer.

### **(4) Dead Sea Works Limited**

292. Potash from Israel is sold in the United Kingdom by the Dead Sea Works Limited, mainly to large manufacturers such as I.C.I. and Fisons. Up to the end of 1956 the potash had been imported in bags but subsequently the Dead Sea Works Ltd. has had facilities for handling in bulk and since 1956 practically all shipments have been in bulk. The  $K_2O$  content of the material was initially 60 per cent., but has been 61 per cent. minimum since the latter part of 1957. A price list is not issued in the United Kingdom and it is the company's policy to sell at the best price obtainable, taking into account freight from Haifa to the United Kingdom port and "a reasonable yield f.o.b. Haifa".

## **CHAPTER 9. THE SUPPLY OF PHOSPHATIC FERTILISERS**

### **(Classes (c), (d) and (e))**

#### **I. Class (c): SUPERPHOSPHATE, SINGLE AND TRIPLE**

293. Single and triple superphosphate are supplied both for straight use and mixing, and the reference is concerned with both forms of supply. Single superphosphate has been manufactured in this country since the 1840s. Triple superphosphate was manufactured on the Continent for a time in the earlier part of this century and was imported from America during the 1939-45 war. Fisons began to manufacture it in 1952. In recent years the use of straight single superphosphate has declined and a similar tendency seems to be shown by straight triple superphosphate. According to the figures of deliveries to farmers compiled by the Agricultural Departments, 164,187 tons of both products were consumed straight in 1953-54 while the figures for 1956-57 and 1957-58 were 115,977 and 111,332 tons respectively.† The water-soluble  $P_2O_5$  content of these deliveries was 37,517, 27,484 and 26,315 tons respectively.

\* Before this, in 1956-57, Stratton Chemicals Ltd. had acted as agent, for the import of Russian potash, of a Dutch company which held the concession for potash from the Russian State Trading Organisation.

† The figures for straight use are based on subsidy returns and may be under-estimated.